



VIETNAM DAILY NEWS



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Market Analysis

1. Market buoyed by blue-chip gains

With advancers far outnumbering decliners by 171 to 117, the VN-Index of the Hochiminh Stock Exchange extended its winning streak to the sixth consecutive session, soaring 10.65 points, or 1.09% against Friday to 987.13 points.

Bao Viet Securities said in its report today that the market is expected to head toward the next resistance zone of 993-1000 points in the short run. However, after passing 980-983 points, the benchmark index may experience volatility and correction pressure in this zone in several sessions before moving further upwards.

The market's current risk is foreign investors' net selling activities though the selling pressure is gradually easing, according to the stock brokerage.

Cash flow is also expected to focus on the oil and gas, industrial zone, textile, and retail sectors, and several stocks that saw deep decrease recently, such as securities and real estate. Bank stocks are going flat but sending signals of gains.

Active cash flow spurred up turnover on the southern bourse today as volume and value expanded by 13.4% and 15.2% to some 153 million shares worth more than VND3.6 trillion. Of these, block deals amounted to 18.8 million shares valued at VND597.4 billion.

The VN30 basket saw up to 22 stocks rising while five others decreased slightly. Leading property developer VIC and its housing affiliate VHM made their recovery today, making positive contributions to the main index.

While other heavyweights saw slight gains, gas firm GAS, brewer SAW and lender VCB were three

stocks with the strongest growth in the morning phase, expanding 2.5%, 2.3% and 1.5%, respectively to VND113,000, VND263,000 and VND67,800 per share.

Dairy producer VNM was also regarded as the fourth stock that offered strong support to the southern market as it rose by 1.4% to VND137,500 per share.

Leading fuel distributor PLX, similar to its fellow GAS, gained 2.2% on the rise of global oil prices on expectations that tension between the United States and Iran would disrupt global supply, and the Organization of the Petroleum Exporting Countries, or OPEC, is cautious about their output.

Though construction firm ROS suffered a sharp decline of 3.7% to close at VND33,500 per share, it still took the lead by liquidity with more than 10.6 million shares traded.

Meanwhile, the HNX-Index of the Hanoi Stock Exchange inched up 0.5% to close at 106.31 points. Around 28.8 million shares worth over VND384 billion were locally traded, down 12.4 in volume but up 4% in value.

Most stocks in the oil and gas sector, such as PVB, PVI, PVC and PVS, were in positive territory, with their gains ranging from 1% to 3.3%. PVS especially grew by 3.3% to hit the intraday high of VND22,500 and was the most traded stock with 4.5 million shares changing hands.

Some blue chips on the southern bourse witnessed gains, including construction firm VCG, stone manufacturer VCS and lender ABC.

2. Vietnam's non-cash payment market booms in Q1

The figures suggest that mobile transaction has turned more popular in Vietnam, in tandem with the Government's push for the development of non-cash payment methods, according to the Payment Department under the State Bank of Vietnam.

According to a plan on non-cash payment in Vietnam in the 2016-2020 period approved by the Prime Minister, by the end of 2020, the ratio of cash transactions should be reduced to below 10%. Early this year, the Government issued a resolution supporting a project exploring depositing cash into electronic wallets without via a bank payment account and piloting new payment modes in the banking sector.

Commenting on the plan, Nghiem Thanh Son, deputy head of the Payment Department of the central bank, said the project has created positive results in legal framework and payment infrastructure. Banks and enterprises have diversified products and services to facilitate payments via different channels.

Notably, the nation has seen the soaring number of customers making online and mobile transactions. In the first quarter of 2019, payments via the Internet jumped nearly 70% in volume and 13.4% in value over the same period last year while the growth rates of the mobile channel were 97.7% and 232.3%, respectively, Son said at a press briefing announcing the Banking Vietnam 2019 forum in Hanoi today.

Mobile payment has become a channel with strong growth. Local banks have applied advanced

technologies to secure safe and convenient services for customers, Son added.

Besides this, banks handled 37 million transactions worth VND20,690 trillion, up 23% and 17.8% year-on-year, respectively, far lower than the growths of online and mobile payments. Meanwhile, there were 65 million card transactions with the total value of VND171 trillion, rising by 18.4% and 8.8%, respectively.

Banks continued upgrading infrastructures for non-cash payments. Ending the January-March period, the nation had over 18,500 automated teller machines (ATMs) and 260,000 points of sale installed at large retail outlets, hotels, hospitals and schools.

Despite the significant development, Phung Nguyen Hai Yen, deputy general director of Vietcombank, said that the project is still facing many challenges as most citizens still keep the habit of paying in cash. Further, the number of people that have bank accounts is still modest.

While people living in cities can access banking and digital payment services easily, those living in rural areas still shun advanced technologies, she said.

According to the Central Institute for Economic Management, the use of cash for payments is a deep-rooted habit in Vietnam with cash transactions accounting for 90%. Up to 99% of population use cash for payments of less than VND100,000 and nearly 85% use ATMs for cash withdrawal.

Macro & Policies

3. First solar power plant in Binh Dinh joins national grid

The 49.5 MWp plant, spanning 60.1 ha in Cat Hiep commune, Phu Cat district, is connected to the grid at the 110 kV Phu Cat power station via a 5.5 km wire system.

The entire project was built at a cost of 1.1 trillion VND (47.3 million USD), invested mainly by

France-based Quadran International and Vietnam's Truong Thanh Group.

The plant is scheduled to begin its commercial operation on June 6, producing between 78,000 and 80,000 MWh of electricity for the grid on an annual basis.

4. Vinaconex seals cooperation deal with foreign partner

The two sides said they will engage in specific joint activities to realise the mutually beneficial collaboration.

Executive Vice President of Hyundai E&C Vincent Seo Sang Hoon said it is his company's first cooperation deal sealed with a Vietnamese subcontractor. Currently, the company has signed collaboration pacts with about 5,000 subcontractors in other countries.

Vinaconex Chairman Dao Ngoc Thanh noted that the foreign partner wants to not only team up with Vinaconex in Vietnam but also be able to reach foreign markets together.

According to Thanh, the two companies will introduce potential projects to each other and jointly study the feasibility of their cooperation for a project.

Vinaconex owns and manages about 3.2 million sq.m of land in Vietnam, covering its 16 construction projects. Of the total land area, the company is renting some 3 million sq.m of land to construct seven projects.

Established in 1947, Hyundai E&C was listed among the world top 25 construction firms by the US magazine Engineering News-Record. It has so far set up representative offices in over 16 countries, including Vietnam.

In Vietnam, Hyundai E&C has participated in a number of projects, such as the Mong Duong 1 thermo power plant in Quang Ninh province, Bitexco Financial Tower in Ho Chi Minh City, and Song Gia Golf Resort in Hai Phong City.

5. Ministry cracks down on trade, consumption of banned crawfish

The move followed media reports that red-claw crawfish or crayfish (*Cherax quadricarinatus*) is being imported and sold as food in many localities in Vietnam.

According to the ministry, crawfish is considered an invasive, alien animal to Vietnam. It can harm the country's bio-diversity and agricultural production as it can eat both live and dead

animals and plants. Crawfish can also easily carry and spread disease to shrimp, and can burrow in and destroy dykes.

Crawfish is not on the list of aquaculture species eligible for trade in Vietnam, the ministry said.

Online stores are offering crayfish at prices of 350,000–500,000 VND (15-22 USD) per kilo. The crawfish are reportedly imported from China and the US.

6. Auchan's three supermarkets in HCMC remain operational

The director on May 20 told the Saigon Times that the three operational supermarkets are Auchan Hoang Van Thu in Tan Binh District and Auchan Era and Auchan Crescent Mall in District 7.

These supermarkets will remain in service until Auchan completes negotiations with its business partner regarding the outlets' takeover. No further details on the business partner have been revealed.

Meanwhile, the 15 other supermarkets will be closed from June 2, including 10 facilities in HCMC, three in Hanoi and one in the southern province of Tay Ninh.

Auchan's customers were informed of the closure by email, while customers participating in loyalty programs were told to redeem their bonus points

on their membership cards to ensure they receive their benefits. Also, customers can continue to use their rewards at the operational supermarkets after June 2.

The retailer has purchased products, which still remain in stock, from its suppliers and has launched many promotional products, with discounts of up to 50%, for all customers shopping at Auchan outlets as a way to thank them, the Auchan representative said.

Earlier, Auchan Retail CEO Edgar Bonte was quoted by Reuters as telling France's news agency Les Echos that Auchan had decided to sell all of its 18 supermarkets in Vietnam, as the chain had posted revenue of 45 million euros, or US\$50.4 million, last year and is still suffering losses.

7. Nothing wrong with recent power price hike: ministry

The report, sent by the ministry, discusses the formulation, issuance and deployment of Decision 648/QĐ-BCT on the adjustment of the average electricity retail price and regulations on electricity prices, Nguoi Lao Dong newspaper reported.

The ministry stated that the new electricity price was announced in line with the Pricing Law. In addition, electricity bills for March were calculated based on Vietnam Electricity Group's (EVN's) process and the Government's regulations.

The higher power demand during scorching weather, the retail electricity price hike of 8.36% and the longer month were the main causes for

the surge in electricity bills for March compared with previous months.

From March 20 to May 4, EVN handled more than 71,500 customer complaints related to their electricity bills, including 14,500 requests to reevaluate the bills.

The Ministry of Industry and Trade proposed the prime minister assign the Ministry of Information and Technology to direct press agencies to accurately inform the public of the State's and Government's purposes in adjusting the electricity price and to impose sanctions on those who deliberately distort the facts surrounding the electricity price hike to incite social disorder.

It confirmed that Vietnam's electricity price remains lower than that in other ASEAN countries. Specifically, it is equal to 66% of the average electricity price of eight regional countries, 37% of Laos' price and 78% of Cambodia's price.

In addition, developed countries such as South Korea and Japan as well as regional countries such as Thailand, Malaysia and Indonesia apply a power consumption ladder policy similar to Vietnam.

In Vietnam, the policy was carefully studied and experts were consulted before it was applied.

Nevertheless, the ministry will propose a new electricity price range to encourage local consumers to use electricity sparingly and ensure social welfare.

The prime minister should ask the Commission for the Management of State Capital at Enterprises to enhance supervision of EVN's finances. It is also necessary to accelerate the restructuring of EVN and convert the National Load Dispatch Center into an independent entity under EVN, the ministry suggested.

In related news, EVN is preparing a plan to pilot a competitive electricity retail market and will submit the proposal to the Ministry of Industry and Trade in July, remarked EVN Chairman Duong Quang Thanh.

EVN equitized three power companies and completed a plan to convert the National Load

Dispatch Center into a one-member limited company late last year. The Commission for the Management of State Capital at Enterprises is considering the plan and will soon submit it to the prime minister.

The group will also complete a plan to separate the distribution and retail sales of electricity this year to officially open the electricity retail market in 2021.

Developing infrastructure, proposing regulations and equitizing retail affiliates are also EVN's key jobs in the coming period to accelerate the group's equitization, in line with the prime minister's Decision 168/QD-TTg.

EVN has required power corporations to closely control the calculation of electricity bills and promptly address customers' complaints.

The group will provide details on the volume of electricity consumed by its customers each month to the Ministries of Industry and Trade and Planning and Investment so that the two ministries can assess the effects of the electricity price hike, Thanh added.

Although all customers can now calculate their own electricity bills, EVN will adjust the electricity bill form so that the bills will be easily understandable. The group also pledged to address any shortcomings in the collection of electricity bills.

Corporate News

8. BII: Change in shareholding of principal shareholder (Do Can)

- Name of issuer: Bao Thu Industrial Development and Investment Joint Stock Company

- Stock code: BII

- Securities type: common stock

- Name of principal shareholder: Do Can

- Number of shares held by the principal shareholder before transaction: 7,461,400 shares (12.94%)

- Number of shares acquired: 99,000 shares

- Total holding following transaction and total percentage following transaction: 7,560,400 shares (13.11%)

- Date of transaction: 14/05/2019

9. DGC: Change in number of outstanding shares with voting right

↓ -0.32%

The company announced the change in number of outstanding shares with voting right as follows:

No Indicator	Before the change	After the change	Reason for the change
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1 Charter capital (thousand VND)	1,078,038,110	161,698,050	
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1,239,736,160	Share issue for dividend payment
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2 Total shares	107,803,811
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16,169,805	123,973,616
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3 Treasury shares	873	0	873
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4 Number of outstanding voting shares	107,802,938	16,169,805
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107,802,938	16,169,805
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123,972,743

10. Stock market briefs May 20, 2019

↓ -0.34%

HCMC – Vietnam Electricity Construction Joint Stock Corporation (VNE) targets to earn net profit of VND37 billion on revenue of VND1.21 trillion in 2019, down 15% and up 67% respectively, over the previous year. The firm plans to make a dividend payout ratio of 5% for 2019.

HCMC – Lam Son Sugar Joint Stock Corporation (LLS) has chosen May 30 as the record date for the 2017 and 2018 dividend payment in cash at 7% or VND700 per share. The payment will be made on June 7.

HCMC – Hoang Huy Investment Services JSC (HHS) plans to transfer its entire 10 million shares in Hoang Hiep Investment Construction Corporation to Vu Dinh Thang, who serves as general director of Hoang Hiep, at a price of VND10,205 each. The transfer is expected to take place this month or next.

HCMC – Vietnam National Chemical Group (Vinachem) is slated to auction more than 4.2 million shares of Sao Vang Rubber JSC (SRC), equal to 15% of SRC's charter capital, at a starting

price of VND46,452 per share on the Hochiminh Stock Exchange on June 4.

HANOI – Le Thi Kim Chinh, general director of Dalat Real Estate JSC (DLR), is seeking to purchase

more than 226,000 DLR shares via order-matching and put-through transactions until June 14. She currently holds over 252,000 shares, or 5.6% of the firm.

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